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# Horizontal Funding Reductions & The Culture of Budget Estimation

**Team: Performance Catalysts**

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# Overview

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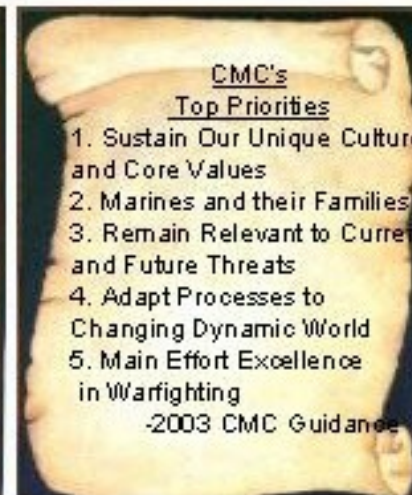
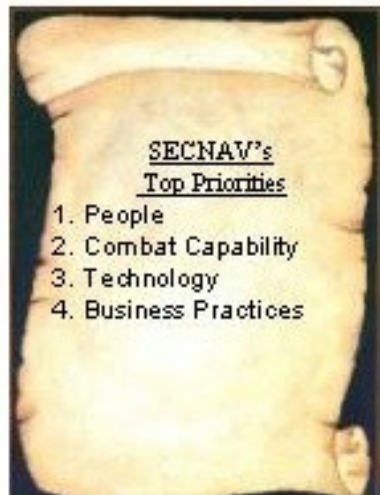
- Issue
- Background
- Discussion
- Recommendation & Conclusion
- Q & A

# Issue

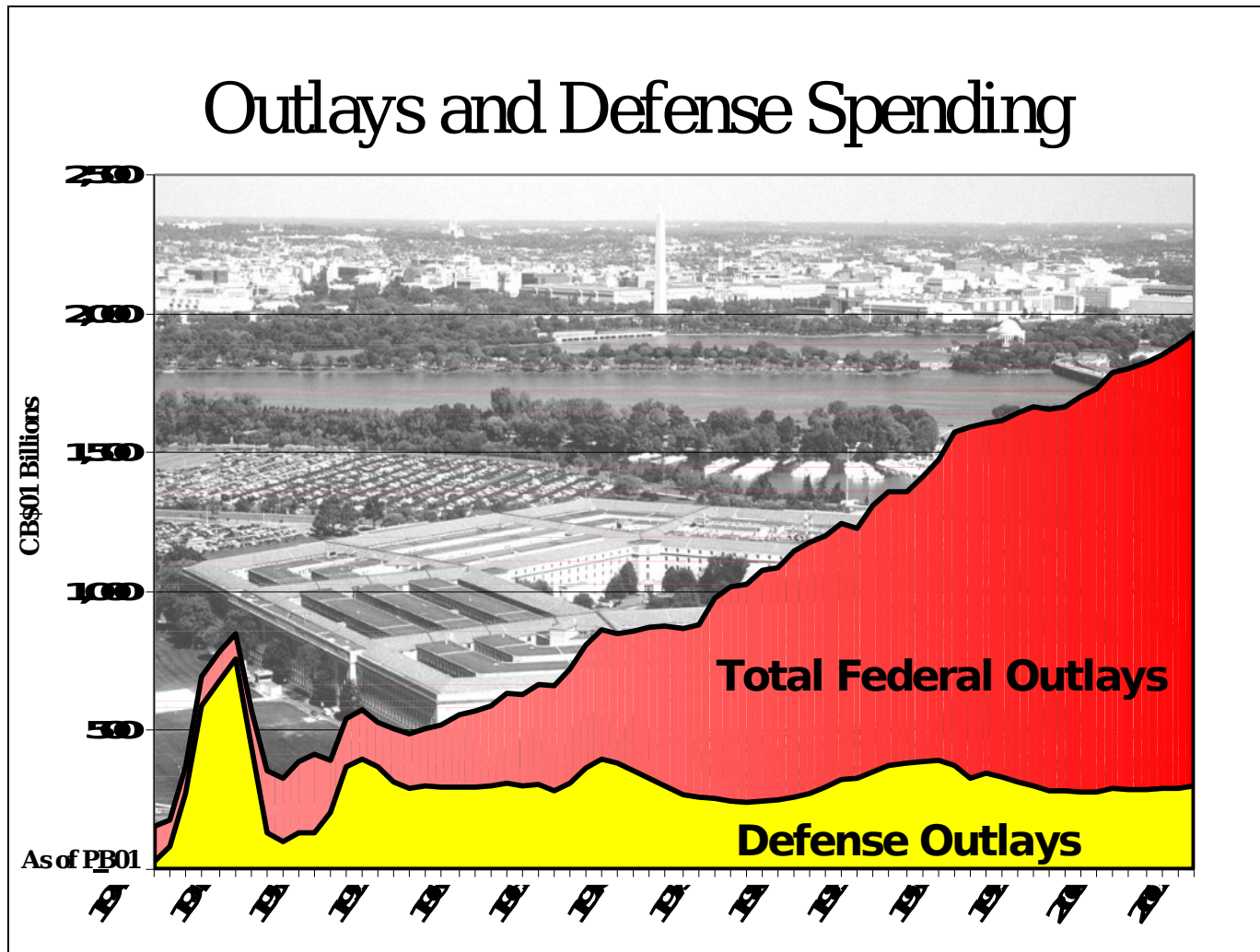
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- Horizontal Budget Reductions negatively impact well managed programs
- Culture mindset and gamesmanship of budget estimation process

# Background

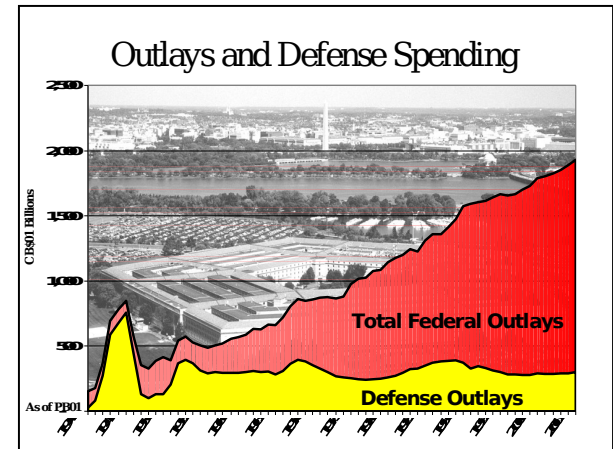


# Background



# Background

- DoD not experiencing real growth in the Federal budget
  - DoN has “must pay” requirements at the command level
  - Impact is on well-planned, budgeted, managed programs
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- **Horizontal Budget Reductions** have caused the growth of a culture that anticipates and counters budget reductions



# Discussion

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- **SECNAV & CNO POM 06 TARGET SETTING Memo of 28 Jan 2004**
  - Savings initiatives to re-capitalize the Navy
  - Avoiding future wedges
  - Encourage vertical budget reduction
  
- **The Process:**
  - Commander's latitude
  - Cross-communications among stovepipe organizations

# Discussion

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- **“TARGETED” programs are exempt**
- Must justify with full disclosure to other commands
- Program amount is deducted from the horizontal calculation
- Will eliminate the disproportionate allocation of budget reductions



# Discussion

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- **The culture of gamesmanship**
  - **Sponsors “targeting” their entire program**
  - **“Padding” the budget for anticipated cuts**
  - **Shifting costs to “targeted” programs**
  - **Applying cuts to “highly visible” areas**
  - **Deferring important programs to force higher level commands to send money**

# Recommendations

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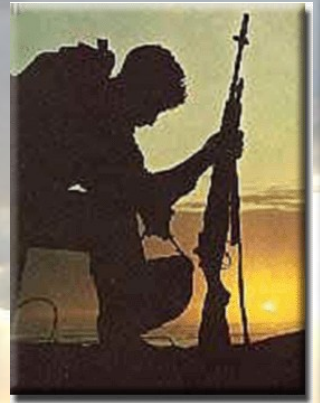
- ◆ **Support the SecNav/CNO Memo**
- ◆ **Hold individuals accountable for estimates**
- ◆ **Conduct peer reviews of estimates**
- ◆ **Patience - a couple years is needed**

# Conclusion

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SECNAV and CNO have improved the budget process. The next critical step in their process transformation is to “lead” a cultural change throughout the ranks that supports their initiative.

# QUESTIONS



*The lone Sailor keeps the watch...*